

For Release 2001/09/04 : CIA-RDP86-01240A000100140036-8
~~OFFICE OF THE COMPTROLLER~~
~~NO AUDIT OVER CONTRACT~~

Ben
8/30/62

MEMO TO THE FILE

25X1A5a1

SUBJECT [REDACTED] CONTRACT 624

Messrs Pak and Sullivan GAO

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Met with Messrs [REDACTED]

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[REDACTED] CIA Comptroller office at
2 PM Aug 28/1962 to discuss the
above subject Contract

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Mr [REDACTED] explained that the Agency
had looked into the situation that
GAO had pointed out to Mr

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[REDACTED] appears, i.e. that the Contractor
had realized and expensed properly
on the Contract.

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Mr [REDACTED] stated that our finding was
correct, but that there were a number
of reasons for their action and that
the situation being different the Contractor
stood to incur a loss; The biggest
reason for the problem was that
anticipated expenses, and possible

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MEMO TO THE FILE
were anticipated, and it just
happened that fortunately everything
worked in the Contractor favor
in this instance, permitting him
to realize a sizable profit

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Mr. [REDACTED] Chief ICAD stated that
his office had reviewed the contract
and the Contractor estimate and felt
that everything was proper and
that the fixed price contract
represented the best method
of contracting available to the
government. Mr. [REDACTED] Dept. Controller

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concurred in this opinion.
There seemed to be little doubt but
what the Contractor was entitled
to the money paid him under the
fixed price contract, there was no evidence
that the contracting was not based on sound
bid figures. This was a new record at
work with no previous cost established,

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7/8/62

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RE: [REDACTED]

624

In an effort to properly identify the
subject contract referred to in the

- (1) Acting Comptroller CIA Memo Dated 3/14/62.
- (2) Director CAGD GAO Memo 3/14/62 to NY Regional Manager, GAO
- (3) SAC S. Pahl GAO Memo to Deputy Comptroller CIA 7/28/62

This office contacted the CB/PD/OL to
obtain information that would tie the
working paper of the NY Regional office
GAO with the contract in question.

Sufficient information was obtained to determine
that the Agency has two contracts with
the subject Contractor,

BASE CONTRACT 624 is a CPFF Contract, TASK
NO 1, REQ NO 13780 was for developing a
prototype camera and assembly,
TASK NO 2 was for special photo kit

A FIXED PRICE CONTRACT DATED 8/22/61. 25X1A5a1
REFERENCE (Job Number) 5497-1 WITH [REDACTED]
IN THE AMOUNT OF 153.000 WAS FOR THE
FURNISHING OF 200 PHOTO COPYING KITs
PAID FROM UNVOUCHERED FUNDS

CLASSIFIED - ITEMS UNCLASSIFIED AND ASSOCIATION
WITH SPONOR IS "SECRET"

7/28/62 This matter was discussed with
Dept Comp CIA by S. Pahl, and action taken.
will be subject of discussion with GAO Rep

JBW
5/23/62